

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 IO-14 ISO-00 CIAE-00 DODE-00 PM-07 H-03

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FRB-02 CIEP-02 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01

OMB-01 DRC-01 /182 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 1589

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

USMISSION NATO BRUSSELS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

AMEMBASSY VIENNA

AMEMBASSY TOKYO

C O N F I D E N T I A L BONN 5533

E.O. 11652: GDS

TAGS: PFOR, EEC, UK, GW

SUBJECT: EC RENEGOTIATION--LUXEMBOURG COUNCIL MEETING,
APRIL 1-2

BEGIN SUMMARY: FONOFF POLITICAL DIRECTOR VAN WELL HAS
BRIEFED THE AMBASSADOR ON CALLAGHAN'S STATEMENT AND THE
OTHER EC 8 REPLIES DURING THE APRIL 1-2 COUNCIL

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DISCUSSION OF RENEGOTIATION IN LUXEMBOURG. VAN WELL

AND OTHER SOURCES REPORTED THE TOUGH REACTIONS OF SCHEEL AND JOBERT AND STRESSED THAT RENEGOTIATION OF THE ROME TREATY TERMS IS OUT OF THE QUESTION; OUR SOURCES INDICATED SOME ROOM FOR MANEUVER ON SOME OF THE DETAILED ISSUES AS LONG AS THESE WERE DEALT WITH OUTSIDE OF THE CONTEXT OF "RENEGOTIATION." GERMANS ALSO VOICED EXPECTATION OF RELATIVELY EARLY BRITISH ELECTIONS, WHICH WILSON MIGHT THEN TREAT AS A MANDATE NEGATING THE NEED FOR A SUBSEQUENT REFERENDUM. GERMANS ARE GREATLY DISTURBED BY INITIAL BRITISH PERFORMANCE AND APPEAR READY TO CONTEMPLATE UK DEPARTURE FROM COMMUNITY RATHER THAN MAJOR CHANGES IN ROME TREATY. END SUMMARY.

1. FONOFF POLITICAL DIRECTOR VAN WELL ASKED THE AMBASSADOR TO CALL ON HIM APRIL 3 FOR BRIEFING ON MINISTERIAL MEETING IN LUXEMBOURG. WE ARE REPORTING VAN WELL'S REMARKS ON US/EUR RELATIONS AND CONSULTATIONS, AS WELL AS EC/ARAB STATE DIALOGUE, BY SEPTELS.

2. VAN WELL, AND IN SEPARATE CONVERSATION FONOFF ECPOL INTEGRATION DEPT. CHIEF, TELL US THAT CALLAGHAN'S APRIL 1 STATEMENT SHED LITTLE NEW LIGHT ON PRECISE UK POSITIONS BEFORE THE COUNCIL MEETING; THE GERMANS HAD HEARD THAT PRECISE PROPOSALS COULD NOT BE EXPECTED. BONN ASSUMES THAT NO AGREEMENT HAS YET BEEN REACHED IN THE BRITISH CABINET ON PRECISE NEGOTIATING POSITIONS. VAN WELL ATTRIBUTED THE SHOCKED TONE OF THE PRESS REACTION TO CALLAGHAN'S STATEMENT TO THE PREVIOUS PUBLIC LACK OF KNOWLEDGE ABOUT HMG INTENTIONS. THE SHOCK TO THE GERMAN GOVERNMENT HAD COME PREVIOUSLY, DURING CALLAGHAN'S RECENT VISIT TO BONN.

3. CALLAGHAN'S STATEMENT TO THE COUNCIL REITERATED, IN RATHER VAGUE TERMS, THE BRITISH WISH TO RENEGOTIATE ON THE ISSUES OF FINANCIAL CONTRIBUTION, AGRICULTURE, AND ACCESS TO COMMUNITY MARKETS FROM THIRD (ESPECIALLY COMMONWEALTH) COUNTRIES. CALLAGHAN ALSO EXPRESSED DEEP SKEPTICISM CONCERNING THE GOAL OF ECONOMIC AND MONETARY UNION AS WELL AS THE FINALITY
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OF THE EC GOAL OF EUROPEAN UNION.

4. VAN WELL AND OUR FONOFF SOURCE TELL US THAT JOBERT, SCHEEL AND SEVERAL OTHER MINISTERS REACTED SHARPLY AND NEGATIVELY TO CALLAGHAN'S STATEMENT. JOBERT REPORTEDLY SAID THAT FRANCE HAD NEGOTIATED BRITISH ACCESSION IN GOOD FAITH AND WOULD BE UNPREPARED TO RENEGOTIATE EVEN ONE SINGLE POINT. (THE GERMANS UNDER-

STOOD JOBERT TO BE SPEAKING IN TERMS OF ACTUAL RENEGOTIATION RATHER THAN CHANGING CERTAIN ARRANGEMENTS, SUCH AS FINANCIAL CONTRIBUTION, IN REGULAR EC COUNCIL DISCUSSIONS.) VAN WELL AND OUR OTHER SOURCES SAID SCHEEL ALSO FIRMLY EXCLUDED ANY RENEGOTIATION OF THE TERMS OR PRINCIPLES OF THE TREATY OF ROME. WHILE READY TO DISCUSS CERTAIN DETAILED BRITISH REQUESTS, SCHEEL INISTED THAT THE FRG AND EC WOULD NOT BE DIVERTED FROM ITS COURSE OR ITS END OBJECTIVE OF EUROPEAN UNION.

5. VAN WELL SAID CALLAGHAN REJOINDERED BY REFERRING TO THE LABOR PARTY'S PLEDGE TO GO TO THE PEOPLE ON THE RESULTS OF THE RENEGOTIATION. HE REPORTEDLY CONTENDED THAT INTERNATIONAL TREATIES WOULD BE WORTHLESS IF THEY DID NOT HAVE POPULAR SUPPORT. WE UNDERSTAND SCHEEL AND JOBERT STRONGLY POINTED OUT THAT THE COMMUNITY WOULD BE IN TATTERS IF EVERY CHANGE OF GOVERNMENT COULD LEAD TO ANOTHER POULAR REFERENDUM ON EC MEMBERSHIP. VAN WELL QUOTED SOME BRITISH OFFICIALS AS ACKNOWLEDGING THAT THIS THEORY WAS UNHEARD OF IN THE HISTORY OF BRITISH OR INTERNATIONAL LAW AND AMOUNTED TO A LEGAL THEORY OF FORCE MAJURE.

6. IN CONTRAST TO HIS TOUGH POSITION ON THE EEC, VAN WELL SAID CALLAGHAN SEEMED TO FIT IN AND ENJOY THE APRIL 1-2 POLITICAL COOPERATION MEETING. WHILE CALLAGHAN DID NOT REPEAT HIS RESERVATIONS CONCERNING EUROPEAN UNION DURING THE POLITICAL COOPERATION MEETING, SEVERAL OF THE OTHER MINISTERS AGAIN REMINDED HIM OF THAT END EC GOAL. CALLAGHAN ALSO WAS REMINDED THAT, LIKE NORWAY, A BRITISH DEPARTURE FROM THE EEC WOULD ALSO INVOLVE AN END TO UK PARTICIPATION IN THE POLITICAL

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COOPERATION OF THE NINE.

7. BOTH OUR FONOFF AND BRITISH EMBASSY SOURCES ARE PREDICTING A RELATIVELY EARLY UK ELECTION--EITHER IN JUNE OR IN THE EARLY AUTUMN. THESE SOURCES STRESS THAT WILSON WILL WANT TO HOLD THE ELECTION BEFORE THE PROCESS OF RENEGOTIATION OR ADJUSTMENT OF BRITISH REQUIREMENTS IS CONCLUDED. OUR SOURCES BELIEVE WILSON MIGHT THEN REGARD A FAVORABLE ELECTION RESULT AS A MANDATE FOR RENEGOTIATION, WHICH WOULD ALSO NEGATE THE NEED FOR A SUBSEQUENT REFERENDUM. THESE SOURCES, PARTICULARLY IN THE BRITISH EMBASSY, ARE EMPHASIZING WILSON'S PERSISTENT REFERENCES TO HIS PLEDGE "TO GO TO THE PEOPLE" AND CAREFUL AVOIDANCE OF DISCUSSING A FUTURE REFERENDUM. ON THE OTHER HAND, OUR BRITISH

SOURCES EMPHASIZE TO US PRIVATELY THAT THE WILSON CABINET "REALLY MEANS IT" ON RENEGOTIATION. THEY SAY THE PM WILL FIND IT EXTREMELY DIFFICULT "TO CONTROL THE WILDMEN IN THE CABINET" WHO CONTROL SO MANY MILLIONS OF TUC VOTES.

ON THE BRITISH DEMANDS, VAN WELL SAID THE BRITISH "SEEM TO BE COMPLETELY OUT OF TOUCH WITH REALITY AND WITH THE WORKINGS AND MENTALITY OF THE COMMUNITY." HE INDICATED THAT IF THE BRITISH MEAN TO ADHERE TO THEIR STATED OBJECTIVES, IT WOULD BE BETTER IF THEY WOULD GET OUT EARLIER RATHER THAN LATER. VAN WELL SAID THE NEW LABOR GOVERNMENT SEEMED TO LACK KNOWLEDGE OF THE BASIC FACTUAL BACKGROUND OF MANY OF THEIR DEMANDS, I.E., EFFECT OF MEMBERSHIP ON FOOD PRICES, ETC., AS WELL AS HOW THE COMMUNITY FUNCTIONS. VAN WELL NOTED THE PAUSE LIKELY TO DEVELOP AS A RESULT OF POMPIDOU'S DEATH AND THE UPCOMING FRENCH PRESIDENTIAL ELECTIONS. HE EXPRESSED GERMAN HOPE THAT MORE EXPERIENCE WITH THE COMMUNITY, THE INFLUENCE OF THE WHITE HALL BUREAUCRACY AND GROWING AWARENESS OF BRITAIN'S FINANCIAL DEPENDENCE WOULD LEAD TO INCREASED FLEXIBILITY IN LONDON. HILLENBRAND

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